

Message Text

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73

ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 FEA-01 AEC-07 AID-05 CEA-01

CIAE-00 CIEP-02 DODE-00 FPC-01 H-02 INR-07 INT-05

L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05 SP-02

SS-15 STR-04 TRSE-00 FRB-01 IO-10 PA-02 USIA-15

PRS-01 /115 W

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FM AMEMBASSY KUWAIT

TO USDOC WASHDC

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

SECSTATE WASHDC 2246

UNCLAS KUWAIT 0738

E.O. 11652: N/A

TAGS: ENRG, BMEP, ECRE, KU

SUBJECT: KUWAITIS TO SHOW FLEXIBILITY IN TENDERING LPG PROJECT

REF: (A) KUWAIT A-103, DEC. 5, 1974 (B) STATE 259965

(C) KUWAIT A-88, NOV. 3, 1974 (D) KUWAIT 3819 (1974)

1. EMBOFF HAS LEARNED THAT KUWAIT WILL TENDER CONSTRUCTION OF LPG PLANT IN MANNER WHICH SHOULD OVERCOME MOST OBJECTIONS U.S. FIRMS HAVE RAISED TO COMPETING ON SOME OR ALL OF VARIOUS CONSTRUCTION TENDER "PACKAGES".

2. ACCORDING INFORMATION RECEIVED KUWAIT WILL UNDERTAKE TO PAY CONTRACTOR FULL COSTS OF MOST EQUIPMENT AND LOCAL LABOR, WHILE EXPECTING CONTRACTORS TO QUOTE FIXED PRICES FOR THEIR PROFESSIONAL SERVICES. MOREOVER, AS PREVIOUSLY REPORTED KUWAIT WILL PRE-UNCLASSIFIED

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QUALIFY MORE THAN APPROXIMATELY 5-6 FIRMS UNDER EACH TENDER AND

THIS PREQUALIFICATION PROCESS SHOULD BE FINISHED BY FEB
12 WITH ANNOUNCEMENT OF PREQUALIFIED FIRMS SOON FORTHCOMING.
THUS, FIELD WILL NOT BE OVERLY CROWDED AS SOME FEARED.

3. COMMENT: WHILE WE REALIZE AN EXTENSIVE AMOUNT OF WORK IS
AVAILABLE TO U.S. FIRMS WORLDWIDE IN BUILDING PETROLEUM,
GAS, AND PETROCHEMICAL INSTALLATIONS, BELIEVE A FEW CONSIDERATIONS
IN ORDER CONCERNING DESIRABILITY DOING WORK ON KUWAIT'S LPG
PROJECT. KUWAIT IS IN LONG TERM PROBABLY SECOND MOST IMPORTANT
SURPLUS FUNDS OPEC COUNTRY. IT FOR SOME TIME HAS BEEN OPERATING
A DEVELOPMENT FUND, THE KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT,
WHICH IS BY FAR THE MOST IMPORTANT IN TERMS OF SIZE AND EXPERIENCE
EXISTING IN ANY OPEC COUNTRY AND CAN OPERATE ALMOST ALL LDC'S.
IT IS ALSO HEADQUARTERS FOR THE ARAB FUND FOR ECONOMIC AND
SOCIAL DEVELOPMENT WHICH IS AN IMPORTANT DISBURSER OF AID FROM
THE RICHER TO THE POORER ARAB COUNTRIES. MOREOVER, KUWAIT'S
MINISTRY OF FINANCE ACTING DIRECTLY AND THROUGH OTHER KUWAITI
FINANCIAL INSTITUTIONS IS EAGER TO ASSUME EQUITY IN A NUMBER
OF DIVERSE INDUSTRIAL AND COMMERCIAL VENTURES IN A WIDE VARIETY
OF COUNTRIES WORLDWIDE. THIS MEANS KUWAIT'S INFLUENCE WILL BE
FELT IN THE SELECTION OF CONTRACTORS IN MANY COUNTRIES
OUTSIDE KUWAIT, INCLUDING THE PETROLEUM FIELD, AND IT WOULD BE
IN THE INTEREST OF COMPANIES WHICH HAVE NOT PREVIOUSLY ESTABLISHED
A TRACK RECORD IN KUWAIT TO DO SO.

4. USDOC SHOULD MAKE THIS CABLE AVAILABLE TO ALL U.S. COMPANIES
SEEKING ELIGIBILITY FOR PARTICIPATION IN KUWAIT'S LPG PROJECT
LISTED IN REF A.
MAU

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